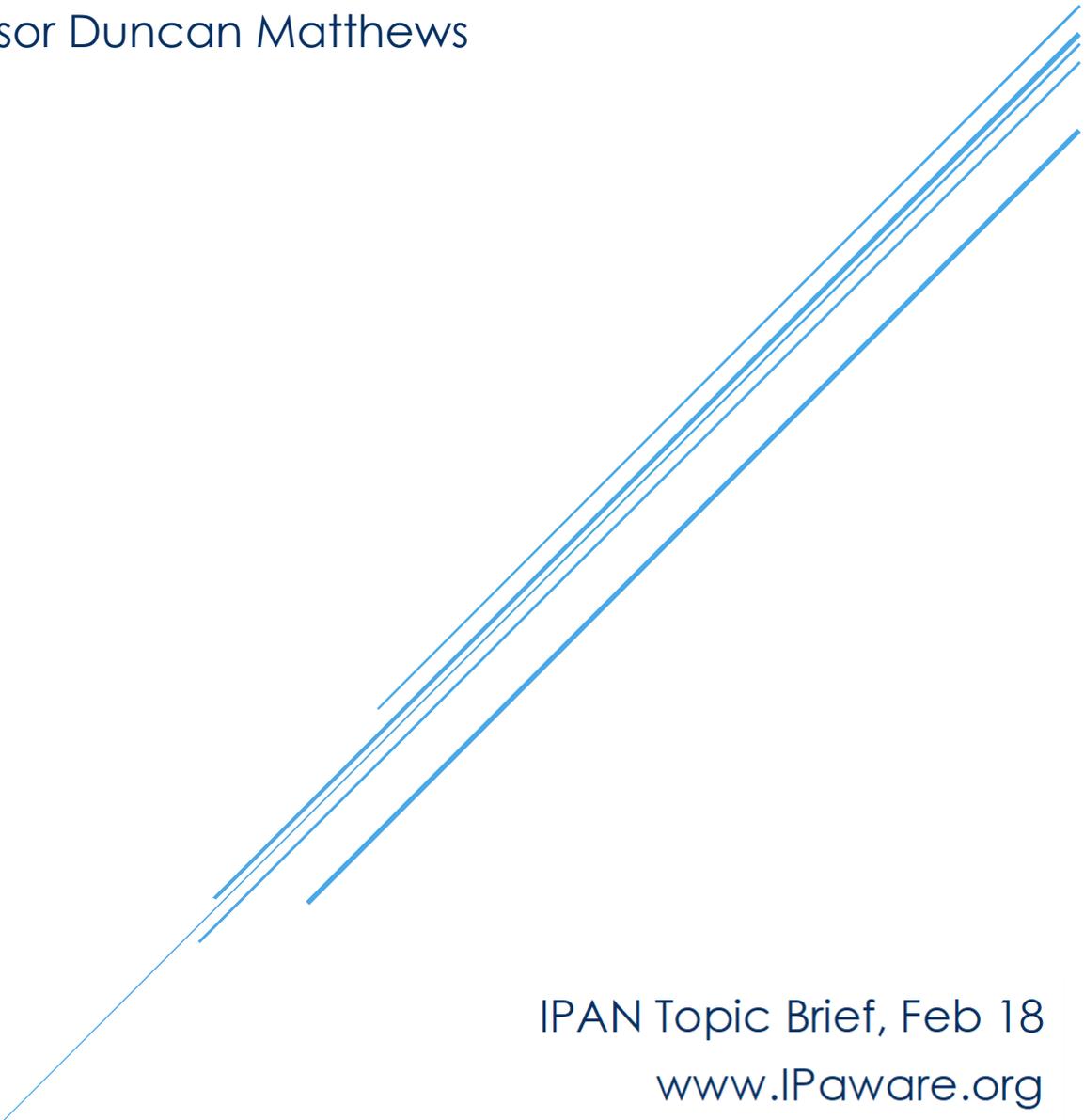




PATENTS AND SOFTWARE IN EUROPE

Professor Duncan Matthews



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Patents and Software in Europe

Professor Duncan Matthews, Queen Mary University of London

BACKGROUND

Patents are exclusive rights granted for the protection of an invention that offers a new and inventive technical solution or way of doing something.

Increasingly, as technology advances, products and processes - from washing machines to telecommunications systems - owe their novel characteristics to a controlling program in a microprocessor or computer. The European Patent Office (the EPO) and the UK Intellectual Property Office (IPO) have established positions that when an invention has the necessary technical character it is patentable even if it involves a computer program in its implementation.

Under Art 52(2) of the European Patent Convention and the equivalent s. 1(2) of the UK Patents Act, programs for computers are not regarded as inventions if claimed "as such" in a patent application. However, at the EPO, this exclusion is not as restrictive as it first appears because a computer program is not excluded from patentability if, **when running on a computer**, it causes a further technical effect going beyond the "normal" physical interaction between the program (software) and the computer (hardware).¹ An example of a further technical effect is where the program serves to control a technical process or governs the operation of a technical device. The internal functioning of the computer itself under the influence of the program could also bring about such an effect. If the computer program itself is not excluded, it is immaterial whether the program is claimed by itself, as a data medium storing the program, as a method or as part of a computer system. So it is important to note that computer programs are not automatically excluded from patentability.

In the UK, the situation differs from the EPO approach. The IPO is bound to follow the decisions of UK courts, as per the English common law doctrine of binding precedent. The England and Wales Court of Appeal adopted a 4-step approach to interpreting Article 52(2) of the European Patent Convention² and a five signpost test to determining a relevant technical contribution.³ This was criticised by the EPO as being irreconcilable with the European Patent Convention because it presupposes that purely novel and inventive excluded matter does not count as a 'technical contribution'.⁴ The England and Wales Court of Appeal said subsequently that it believed that the difference between the approaches of the IPO and the EPO are resolvable in most cases and that, where they were not resolvable, the UK should not simply adopt the EPO approach.⁵ The IPO is not bound to follow the practice of the EPO for the reasons outlined above. One significant source of uncertainty is the lack of a definition of what is 'technical'. A technical field is one that is not one of the excluded fields listed in Article 52(2), such as a business method or computer program. However, because Article 52(2) sets out a non-exhaustive list, it cannot be assumed that everything else is technical.⁶ The exclusion may therefore also apply to other matters which are essentially abstract or intellectual, but which do not fall clearly into one of the categories specifically listed in Article 52(2). This creates uncertainties.

In the USA the patent statute can and has been interpreted to allow patenting in fields excluded by European law. For instance patents can be obtained for software even when there is no technical contribution. This has led to patents for pure business methods, with no technical attributes, for example where computer systems control the flow of investments between different funds and all the novelty lies in the business steps. However, this situation changed to some extent in June 2014, when the United States Supreme Court found that a computer program for a patent-ineligible abstract idea such as a method of exchanging financial obligations is not patent eligible in the USA.⁷

A number of concerns have been raised about patents and, in particular, about patents on software: a) that patents are often granted on trivialities and b) that in any event patents tend to favour big business. In 2002 the European Commission proposed a Directive aimed at clarifying practice on the patentability of computer-implemented inventions within the EU. This proposed Directive was comprehensively rejected by the European Parliament in 2005.

COMMENT

The collapse of the European Directive does not alter the legal position on patenting of computer-implemented inventions. The EPO cannot treat such inventions any differently from other inventions. Similarly it is highly unlikely that the EPO will change its position on business methods. A Directive would have harmonised the law across the EU. The current position is unsatisfactory in that national courts can come to conflicting decisions. But differences of approach by national courts are far less important than the concerns expressed widely by MEPs and the public.

The quality of patent examination has to remain high and that the issue of patents on seemingly trivial features has now become a significant issue. Opposition of the grant of such patents may not be possible or indeed successful. It is clear that patent examiners need better access to what is publicly known in the software community and there are current initiatives to help achieve this.

Ultimately, a patented invention will only be of real value if it is commercialised and exploited. For example, the patent owner may decide to sell a product containing the patented invention or to use a patented process to make products to sell. Alternatively, the patent owner might try to find someone who wants to buy the patented invention or take a licence and is prepared to pay royalties to the patent owner in return.

Equally, patent rights are only as good as the procedures and remedies by which they are enforced. Enforcing patents can certainly be expensive but without a patent (or at least an application for one) any business has far less commercial security and bargaining power. European and UK patents continue to be granted for computer-implemented inventions (the EC stated⁸ in a February 2002 press release proposing the Directive that at least 30,000 such patents had been granted since 1978), but how such patents can be obtained and the limitations involved needs to be better clarified. Small businesses in particular need to be made better aware of the opportunities which appropriate use of patents may provide them.

Alongside those advocating extending patent protection for software related inventions in Europe, it must be said that there are continuing strident calls to resist such moves from organisations such as the Foundation for a Free Information Infrastructure (FFII) (<https://www.ffii.org/>) advocating open systems and absence of patent protection.

Suggested Further Reading:

European Patent Office:

- Guide for Applicants, Part 1, How to get a European Patent: Patentability of Inventions⁹
- Guidelines for Examination Part C, Chapter IV, 2.3.6 - Programs for computers¹⁰
- Patents for Software? – European Law and Practice¹¹

UK Intellectual Property Office:

- UK IPO Manual of Patent Practice Sections 1.01-1.47¹²

The case against patenting:

- European patents continue despite 10th anniversary of EU parliament vote – FFII press release September 2013¹³

¹ <https://www.epo.org/law-practice/case-law-appeals/recent/t030258ex1.html>

² <http://www.bailii.org/ew/cases/EWCA/Civ/2006/1371.html>

³ First set out in AT&T Knowledge Ventures' Application and CVON Innovations Ltd's Application [2009] FSR 19 <http://www.bailii.org/ew/cases/EWHC/Patents/2009/343.html>, refined by *HTC Europe Co Ltd v Apple Inc* [2013] EWCA Civ 451

<http://www.bailii.org/ew/cases/EWCA/Civ/2013/451.html> and finally set out in *Lantana Ltd's Application* [2013] EWHC 2673 (Pat) 13

<http://www.bailii.org/ew/cases/EWCA/Civ/2014/1463.html>.

⁴ <http://www.epo.org/law-practice/case-law-appeals/pdf/t040154ex1.pdf>

⁵ <http://www.bailii.org/ew/cases/EWCA/Civ/2008/1066.html>

⁶ <http://jakemp.com/en/knowledge-centre/briefings/computer-implemented-inventions-in-europe>

⁷ http://www.supremecourt.gov/opinions/13pdf/13-298_7lh8.pdf

⁸ http://europa.eu/rapid/press-release_MEMO-02-32_en.htm?locale=en

⁹ <http://www.epo.org/applying/european/Guide-for-applicants/html/e/index.html>

¹⁰ http://www.epo.org/law-practice/legal-texts/html/guidelines/e/g_ii_3_6.htm

¹¹ <https://www.epo.org/news-issues/issues/software.html>

¹² <https://www.gov.uk/guidance/manual-of-patent-practice-mopp/section-1-patentability#c>

¹³ <http://press.ffii.org/Press%20releases/EPO%20software%20patents%20continue%20despite%20the%20european%20parliament%20vote>